

HOUSE BILL 125

By Windle

AN ACT to amend Tennessee Code Annotated, Title 8,
Chapter 34, Part 6, relative to retirement credit for
military service.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 34, Part 6, is amended by deleting § 8-34-605 in its entirety and by substituting instead the following language:

Section 8-34-605.

(a) Any member who left the employ of an employer participating in the Tennessee consolidated retirement system in order to perform military service in the armed forces of the United States, and who is reemployed by such employer within six (6) months of honorable discharge from such service, shall have the option of establishing retirement credit for the military service under the following conditions:

(1) The member must be entitled to reemployment with such employer pursuant to the Federal Veterans Reemployment Rights Act, compiled in 38 U.S.C. §§ 2021-2027;

(2) The member must redeposit any amount the member withdrew from the retirement system upon leaving the employ of such employer, plus interest at the rate provided in § 8-37-214(a); and

(3) The member must make a back payment equal to the amount of employee contributions the member would have made had the member remained continuously employed with the employer during the period of military service claimed. Such contributions shall be based upon the earnable compensation the member was earning at the time the member left employment to enter the military. Notwithstanding anything in this subdivision (a)(3) to the

contrary, if the military service was during the Persian Gulf War, the service shall be credited without charge to the member, unless the member is an employee of a political subdivision. If the member is an employee of a political subdivision, the service shall be credited without charge to the member; provided, that the political subdivision accepts the liability therefor. "Persian Gulf War" means the period from and including August 2, 1990, to the date thereafter prescribed by presidential proclamation or by federal law.

(b)

(1) Any member or retired member who served in the armed forces of the United States during any period of armed conflict, as defined in subdivision (b)(2), shall be entitled to establish retirement credit for such military service without charge under the following conditions:

(A) The member was honorably discharged from such military service; and

(B) The military service credit cannot be used in determining any rights under the retirement system prior to the member becoming vested.

(2) "Period of armed conflict" means:

WW I 4/7/17 - 11/11/18

WW II 12/7/41 - 12/31/46

Korean War 6/27/50 - 1/31/55

Vietnam Era 2/28/61 - 5/7/75

(c)

(1) Any member or retired member who performed peacetime military service in the armed forces of the United States at any time from October 15, 1940, through May 7, 1975, shall be entitled to establish retirement credit for

such military service on the basis of one (1) day of creditable service for each two (2) days of military service rendered. Any such member shall be subject to the conditions set forth in subdivisions (b)(1)(A) and (B) and shall pay employee contributions for the service claimed based on a contribution rate of nine percent (9%). Such rate shall be applied to the member's earnable compensation at the time of the claim or, if not in service at the time of the claim, the member's earnable compensation at termination of employment.

(2) Any member or retired member who established peacetime military service under subdivision (c)(1) shall be entitled to establish an additional six (6) months of retirement credit for any peacetime military service rendered in the armed forces of the United States which was performed during the period specified in subdivision (c)(1) and for which the member or retired member did not receive retirement credit under subdivision (c)(1). Any such member shall be subject to the conditions set forth in subdivisions (b)(1)(A) and (B), and shall pay employee contributions for the service claimed based upon a contribution rate of twelve percent (12%). Such rate shall be applied to the member's earnable compensation at the time of the claim or, if not in service at the time of the claim, the member's earnable compensation at termination of employment.

(d) The provisions of subsections (b)-(c) shall be optional to political subdivisions in accordance with § 8-35-217.

(e) For part-time members, earnable compensation shall be increased to the corresponding full-time earnable compensation.

(f) In no case shall the total amount of retirement credit granted for military service under subsections (b)-(c) exceed four (4) years.

SECTION 2. This act shall take effect July 1, 2007, the public welfare requiring it.

